

TZVI WEISS, et al. VS.
NATIONAL WESTMINSTER BANK, PLC

GARY WALTERS
June 8, 2011

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| <p style="text-align: right;">Page 165</p> <p>1 WALTERS</p> <p>2 about it being allocated and in fact my</p> <p>3 recollection as I sit here is that different</p> <p>4 people had different views of even what red</p> <p>5 means.</p> <p>6 Q. You read that in deposition</p> <p>7 testimony?</p> <p>8 A. I believe I did, yes.</p> <p>9 Q. What we'll do is we'll leave a</p> <p>10 place in the transcript which your lawyers</p> <p>11 will give you to review and you can fill in</p> <p>12 where you found that in the deposition</p> <p>13 transcripts, okay?</p> <p>14 A. Okay.</p> <p>15 TO BE FURNISHED:</p> <p>16 Q. Look at paragraph 18 of your</p> <p>17 rebuttal report. You refer here to</p> <p>18 understood and published terrorist financing</p> <p>19 red flags, do you see that?</p> <p>20 A. Yes.</p> <p>21 Q. What do you mean by published,</p> <p>22 in other words, where are the terrorist red</p> <p>23 flags that you have in mind in saying this,</p> <p>24 where are they published?</p> <p>25 A. Again, this was from my</p> | <p style="text-align: right;">Page 167</p> <p>1 WALTERS</p> <p>2 occasions over the years.</p> <p>3 Q. Did you read those in the</p> <p>4 course of your work on this report?</p> <p>5 A. I may have reflected on them.</p> <p>6 Q. Did you read them?</p> <p>7 A. I possibly read them at</p> <p>8 different times, yeah.</p> <p>9 Q. You possibly read them at</p> <p>10 different times while you were working on</p> <p>11 your report?</p> <p>12 A. Yeah, I think I might have done</p> <p>13 that.</p> <p>14 Q. On the internet?</p> <p>15 A. On the internet.</p> <p>16 Q. You say you might have. Do you</p> <p>17 remember doing it?</p> <p>18 A. I don't remember specifically</p> <p>19 which documents.</p> <p>20 Q. Red flags you say you learned</p> <p>21 from your dealings with the police?</p> <p>22 A. Yes.</p> <p>23 Q. Have those been published</p> <p>24 anywhere?</p> <p>25 A. My red flags?</p> |
| <p style="text-align: right;">Page 166</p> <p>1 WALTERS</p> <p>2 experience in the police dealing with money</p> <p>3 laundering and when they overlapped with</p> <p>4 terrorist financing matters from the</p> <p>5 standards of FATF and others and from</p> <p>6 documents that I read across the PISTE from</p> <p>7 conferences when they were discussed.</p> <p>8 Q. Do you have any of the</p> <p>9 documents that you are referring to from</p> <p>10 conferences that published these red flags?</p> <p>11 A. I'm not sure.</p> <p>12 Q. Did you consult any of those</p> <p>13 documents in writing your report?</p> <p>14 A. No, I didn't. This is from my</p> <p>15 knowledge of dealing with a lot of cases and</p> <p>16 conversations and reviews of even documents</p> <p>17 published internally in banks.</p> <p>18 Q. What banks?</p> <p>19 A. As I said earlier I don't</p> <p>20 believe I can answer that.</p> <p>21 Q. What FATF standards were you</p> <p>22 referring to as being a source of published</p> <p>23 red flags?</p> <p>24 A. The typologies that they</p> <p>25 published which I've read on various</p> | <p style="text-align: right;">Page 168</p> <p>1 WALTERS</p> <p>2 Q. Pardon me?</p> <p>3 A. My red flags?</p> <p>4 Q. You said red flags that you</p> <p>5 know of from your dealings with the police,</p> <p>6 have they been published anywhere?</p> <p>7 A. I haven't published them. I'm</p> <p>8 not aware where they might be.</p> <p>9 Q. Let's look at your first red</p> <p>10 flag. "Use of a charitable association's</p> <p>11 account to aggregate relatively small</p> <p>12 donations and then funnel funds by way of</p> <p>13 relatively large wire transfers to a small</p> <p>14 number of foreign beneficiaries both</p> <p>15 individuals and businesses located in a high</p> <p>16 risk jurisdiction with a massive and well</p> <p>17 known terrorist problem." That information</p> <p>18 was made known by Nat West to law enforcement</p> <p>19 in its disclosures, correct?</p> <p>20 A. I don't know if all of that was</p> <p>21 put in that way.</p> <p>22 Q. Let me show you what's been</p> <p>23 marked as Exhibit 17, a document bearing Nat</p> <p>24 West production numbers 8362 to 8366 and ask</p> <p>25 you do you recognize this as Nat West's NCIS</p> |

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1 WALTERS
2 disclosure concerning Interpal of August 22
3 -- I'm sorry. Let me just get the date
4 because I gave it to you. October 15, 2001.
5 Let me put the question again.
6 Do you recognize this as a copy
7 of Nat West's disclosure to NCIS concerning
8 Interpal dated October 15, 2001? Have you
9 seen this before?
10 A. Yes.
11 Q. You recognize this to be the
12 NCIS disclosure that Nat West made on October
13 15, 2001?
14 A. Yes, appears to be.
15 Q. This discloses [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED] correct?
19 A. Yes.
20 Q. And it shows [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 A. Yes.
25 Q. And it says [REDACTED]

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1 WALTERS
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED] correct?
6 A. Yes.
7 Q. So what is it in your first red
8 flag that this disclosure does not reveal?
9 A. Beyond what I was just looking
10 beyond the individuals it's going to, it is a
11 report on that first red flag.
12 Q. What do you mean beyond what I
13 was just looking beyond the individuals, is
14 it a report of the first red flag or no?
15 A. I said beyond both individuals
16 and businesses it reports on in terms of
17 beneficiaries.
18 Q. The fact that the transfers are
19 being made to individuals and businesses is
20 not in itself a red flag, correct?
21 A. It's a red flag and it's been
22 reported as a suspicion to law enforcement.
23 Q. FRA makes transfers to
24 businesses and individuals, correct?
25 A. Yes.

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1 WALTERS
2 Q. That's not a red flag, is it?
3 A. If FRA was a charitable
4 association aggregating small amounts of
5 funds which it then aggregated into big
6 amounts going to high risk territories, it
7 would become a red flag.
8 Q. Standing alone the fact that an
9 entity makes transfers to businesses and
10 individuals is not in and of itself a red
11 flag?
12 A. It's not on itself a red flag.
13 Q. Okay, so anyone who read this
14 would have the information contained in your
15 first red flag other than the fact that
16 transfers were being made to individuals and
17 businesses, correct?
18 A. Yes, they would see there is a
19 red flag and it's been identified and it's
20 raised suspicion and the suspicion has been
21 reported to law enforcement.
22 Q. Now the second red flag is,
23 "Involvement of multiple nationals of
24 countries associated with terrorist
25 activity." That red flag is disclosed here

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1 WALTERS
2 as well, correct?
3 A. To some extent it appears to,
4 yes.
5 Q. The countries associated with
6 terrorist activity is covered by the
7 reference to [REDACTED]
8 [REDACTED] correct?
9 A. Yes.
10 Q. Let's go to your third red
11 flag. "Charity/relief organizations --
12 A. Just to qualify my last answer,
13 it doesn't actually -- it's a very small
14 point, but I just want to clarify, [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 Q. If you look at the text it
18 says, [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 doesn't it say that?
22 A. Yes, sorry.
23 Q. Where does it refer to [REDACTED]
24 A. The actual country of receipt
25 so I was looking at those pages.

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1 WALTERS
2 Q. Right. Let's go to your third
3 red flag. "Charity/relief organizations
4 linked to the transactions on both sides."
5 That is disclosed here as well, correct, a
6 charity Interpal [REDACTED]
7 [REDACTED] correct?
8 A. That's correct.
9 Q. Your fourth red flag is, "Mix
10 of cash deposits and monetary instruments."
11 That is disclosed here as well, correct?
12 A. Yes.
13 Q. Let's look at your fifth red
14 flag. "Non specific beneficiaries in a
15 location experiencing major incidents of
16 terrorism." That red flag is disclosed in
17 Nat West's NCIS disclosure by reference to
18 [REDACTED]
19 [REDACTED]
20 [REDACTED] correct?
21 A. Yes, it is.
22 Q. So again anyone who read this
23 disclosure would have in hand the information
24 that you describe as a red flag?
25 A. Yes.

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1 WALTERS
2 known to law enforcement.
3 Q. Is it your testimony, Mr.
4 Walters, that law enforcement did not know of
5 media coverage associating Interpal with
6 terrorism?
7 MR. BONNER: Objection to form.
8 A. I have to say I really can't
9 say what media the officer who would have or
10 officers or staff who would have received and
11 read this may not have read articles
12 specifically about Interpal.
13 Q. There's a lot of articles in
14 the British press that you have seen about
15 the Charity Commission investigations of
16 Interpal based on allegations that Interpal
17 was funding Hamas terrorism in Palestine,
18 correct?
19 A. That I have seen?
20 Q. Yes.
21 A. Yes.
22 Q. Do you have any reason to doubt
23 that law enforcement saw those press reports?
24 MR. BONNER: Objection to form.
25 A. I can't know because this from

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1 WALTERS
2 Q. Let's look at your seventh red
3 flag. "Media coverage associating the
4 customer with terrorism that was public
5 knowledge in the U.K." I skipped one.
6 Number six. Let's look at your sixth red
7 flag. "Wire transfers as the principal
8 service utilized by the defendant's
9 customer." That is disclosed here as well,
10 isn't it?
11 A. Yes, it is.
12 MR. ISRAEL: Outward payment.
13 MR. FRIEDMAN: Joel, we are not
14 taking your deposition.
15 MR. ISRAEL: Just looking at the
16 document.
17 Q. Let's look at your red flag
18 number seven. "Media coverage associating
19 the customer with terrorism that was public
20 knowledge in the U.K." By definition that was
21 known to law enforcement, correct, because it
22 was media coverage that was public knowledge,
23 correct?
24 MR. BONNER: Objection to form.
25 A. That doesn't mean that it's

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1 WALTERS
2 my experience in the police and dealing with
3 these things this was submitted and would
4 have been seen by an individual perhaps two
5 and I don't know what those particular people
6 would have seen in the media. I would be
7 speculating completely.
8 Q. Is it your testimony that NTFIU
9 did not know that the Charity Commission was
10 investigating Interpal twice based on
11 allegations that Interpal was funding Hamas
12 terrorism in Palestine? Is it your testimony
13 that the NTFIU did not know about those
14 investigations?
15 A. No, it isn't.
16 Q. You believe that they did know
17 about those investigations, correct?
18 A. Without reference back into the
19 records on dates --
20 Q. Nat West made disclosures about
21 those investigations, correct?
22 A. Yes.
23 Q. Let's look at your eighth red
24 flag. "Interpal was designated a specially
25 designated global terrorist (SDGT) by OFAC in

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1 WALTERS
2 2003." [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 Q. I'm showing you what's been
6 marked as Exhibit 18 which bears the Nat West
7 production numbers 52122 through 123. You
8 recognize that as Nat West's August 28, 2003
9 disclosure to NCIS [REDACTED]
10 [REDACTED]
11 [REDACTED] correct? Correct?
12 A. Yes.
13 Q. This disclosure also references
14 [REDACTED]
15 [REDACTED] correct?
16 A. Yes.
17 Q. This also discloses that Nat
18 West [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED] correct?
22 A. Could you repeat that?
23 Q. This also discloses that Nat
24 West [REDACTED] e
25 [REDACTED] correct?

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1 WALTERS
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED] was
12 explicitly disclosed to Scotland Yard by Nat
13 West, correct?
14 A. Yes.
15 Q. Let's look at your red flag
16 number nine. I have a specific question for
17 you about this red flag. What's your basis
18 for saying that it's a red flag if a customer
19 sends money to a name that is similar to the
20 name of a designated entity if in fact the
21 beneficiary is not the same entity as the one
22 that's designated?
23 A. Within the guidelines and
24 standards that are applied to this field of
25 work, it is recognized and acknowledged that

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1 WALTERS
2 A. It does.
3 Q. It also discloses that Interpal
4 [REDACTED]
5 [REDACTED] correct?
6 A. Yes.
7 Q. And it also
8 [REDACTED]
9 [REDACTED]
10 [REDACTED] correct?
11 A. That's correct.
12 Q. It also says,
13 [REDACTED]
14 [REDACTED] do you see that?
15 A. Yes.
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 A. Yes, I do.
21 [REDACTED]
22 [REDACTED] ?
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

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1 WALTERS
2 people use different variations of names and
3 false identities, the very nature of the work
4 says and including in most bank policies they
5 recognize this as an issue to require further
6 examination if it looks the same. Red flags
7 don't mean that there is crime in the broader
8 sense going on. What it does is it draws
9 attention and raises concern that needs
10 addressing and in doing that when you've got
11 similar names to one that's on a designated
12 list, then for me that is a flag a bit like
13 -- that is a red flag that says here's a
14 concern, we need to examine it and we need to
15 make sure that that's not the same
16 organization who swapped a letter. Also
17 applicable when different languages are used
18 to come into the equation where when it's
19 translated into English perhaps it's twisted
20 or hyphens are put in where they are not and
21 variations on a name.
22 Q. It's your understanding that
23 the Al Aqsa Foundation is on the OFAC SDN
24 list?
25 A. Yes.

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1 WALTERS
2 Q. It's your understanding that
3 the El Wafa Charitable Society is on the OFAC
4 SDN list?
5 A. It is.
6 Q. What's the basis for that
7 understanding?
8 A. I think later I quote the
9 Treasury websites, U.S. Treasury websites.
10 Q. Stating that the El Wafa
11 Charitable Society is an SDN?
12 A. I'm not sure what it states.
13 Q. To your understanding that it's
14 designated?
15 A. It's my understanding that it's
16 designated.
17 Q. Let's look at your red flag
18 number ten. "Beneficiaries in locations not
19 in direct relation to Interpal's stated
20 purpose (transfers to [REDACTED])."
21 What transfers do you understand Interpal
22 made to [REDACTED]?
23 A. I'm afraid I can't recall.
24 Q. Nat West disclosed to law
25 enforcement that there was at least one

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1 WALTERS
2 transfer to Interpal from [REDACTED] correct?
3 A. Yes.
4 Q. Why don't you just put that one
5 in a separate pile Exhibit 20 because we will
6 come back to it. Look at your red flag
7 number 11. "Beneficiaries were themselves
8 charities which constitute significant
9 customer risk", do you see that?
10 A. Yes.
11 Q. Anyone who read the October 15,
12 2001 NCIS disclosure that we looked at
13 together would know that fact, correct?
14 A. They would.
15 Q. Look at your red flag number 12
16 which is, "Beneficiaries were sometimes also
17 benefactors like [REDACTED] for example." What
18 makes that a red flag?
19 A. If someone is sending money in
20 one direction and then it comes back in the
21 other direction, that should raise a concern
22 that what is the motivation behind that
23 transfer unless there were clear reasons
24 within the customer profile that have already
25 documented why that will be happening.

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1 WALTERS
2 transfer to [REDACTED], correct?
3 A. I haven't got that disclosure
4 here in front of me. Do you have a copy?
5 Q. Are you aware that there was
6 ever a transfer to [REDACTED]?
7 A. I believe there was a transfer
8 to [REDACTED].
9 Q. Let me show you what's been
10 marked as Exhibit 20 which bears Nat West
11 production numbers 52089 through 91. Do you
12 recognize this as the NCIS disclosure that
13 Nat West made on June 17, 2002? Do you
14 recognize this?
15 A. Yes.
16 Q. This discloses a transfer to
17 Interpal's accounts from [REDACTED] correct?
18 A. From [REDACTED] yes.
19 Q. As you sit here, do you believe
20 that there is evidence of a transfer having
21 been made to [REDACTED]?
22 A. I would need to go back and
23 check.
24 Q. You agree that anyone who read
25 the NCIS disclosure would know that there was

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1 WALTERS
2 Q. You know that [REDACTED] s
3 ostensibly at least a charity, correct?
4 A. I understand that to be the
5 case.
6 Q. Interpal is a charity?
7 A. Yes.
8 Q. So monies going between
9 Interpal and [REDACTED] would be monies going
10 between two charities, correct?
11 A. Yes.
12 Q. Look at red flag number 13.
13 A. Can I just qualify my last
14 answer that when that red flag is raised as
15 with other red flags it's a reason to examine
16 the threat and then mitigate any risk and
17 make decisions based on knowledge of customer
18 and knowledge of customer, knowledge of
19 business as to is there a reason for it and
20 then explore what that may be.
21 Q. When you say that you are
22 applying red flags that you learned of when
23 you were with the Metropolitan Police
24 Service, you would expect that law
25 enforcement authorities who learned of these

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| <p style="text-align: right;">Page 185</p> <p>1 WALTERS</p> <p>2 red flags from Nat West would apply the same</p> <p>3 learning about these red flags that you</p> <p>4 gained when you were in the Metropolitan</p> <p>5 Police Service, correct?</p> <p>6 A. Not everybody within the</p> <p>7 metropolitan police gained all my experience.</p> <p>8 Q. But you would expect that</p> <p>9 people at NCIS would be aware of the red</p> <p>10 flags of terrorism, correct, of terrorist</p> <p>11 financing?</p> <p>12 A. I would expect them to be aware</p> <p>13 of the knowledge, yes.</p> <p>14 Q. You would expect that your</p> <p>15 former colleagues in the NTFIU would be aware</p> <p>16 of what you understand to be the red flags of</p> <p>17 terrorist financing, correct?</p> <p>18 A. I would expect them to be</p> <p>19 aware.</p> <p>20 Q. You would expect -- that's</p> <p>21 fine. Look at your red flag number 13.</p> <p>22 "Different Nat West employees at different</p> <p>23 times and different departments identified</p> <p>24 Interpal as engaging in activity indicative</p> <p>25 of terrorist financing thereby providing</p> | <p style="text-align: right;">Page 187</p> <p>1 WALTERS</p> <p>2 well, correct?</p> <p>3 MR. BONNER: Objection to form.</p> <p>4 Q. When the investigations</p> <p>5 concluded?</p> <p>6 MR. BONNER: Objection.</p> <p>7 A. Yes.</p> <p>8 Q. The last red flag you list is,</p> <p>9 "Interpal payments were of on-going interest</p> <p>10 to special branch." Do you see that?</p> <p>11 A. Yes.</p> <p>12 Q. Special branch was aware of the</p> <p>13 fact that Interpal's payments were of</p> <p>14 on-going interest to itself, correct?</p> <p>15 A. I would have expected so, yes.</p> <p>16 Q. Special branch was the part of</p> <p>17 the Metropolitan Police Service that you</p> <p>18 identified as being responsible for</p> <p>19 investigating terrorist financing, correct?</p> <p>20 A. Yes.</p> <p>21 Q. Have you ever asked anyone</p> <p>22 associated with Her Majesty's Government</p> <p>23 about why the government has not sanctioned</p> <p>24 Interpal?</p> <p>25 A. No, I haven't.</p> |
| <p style="text-align: right;">Page 186</p> <p>1 WALTERS</p> <p>2 objective evidence of the suspicious nature</p> <p>3 of Interpal's conduct." Based on your review</p> <p>4 of the record, Nat West repeatedly disclosed</p> <p>5 that it had suspicions that Interpal was</p> <p>6 engaging in terrorist financing, correct?</p> <p>7 A. Over quite a long period one of</p> <p>8 them prompted by the OFAC listing. The other</p> <p>9 two you have given me here are spread over</p> <p>10 six months, meanwhile there was a lot of</p> <p>11 other activity and the other individual</p> <p>12 suspicions being raised in different</p> <p>13 departments and being put forward were not</p> <p>14 past on, don't seem to be examined.</p> <p>15 Q. I don't think that's right, but</p> <p>16 we'll come back to that because I think you</p> <p>17 missed a few in your report, but we'll come</p> <p>18 back to it. Let's look at red flag number</p> <p>19 14. "Interpal was investigated by the</p> <p>20 Charity Commission in 1996 and in 2003 and</p> <p>21 each time the accounts were frozen." That</p> <p>22 was known to U.K. law enforcement, correct?</p> <p>23 A. Yes.</p> <p>24 Q. You omit here the fact that</p> <p>25 both times the accounts were unfrozen as</p> | <p style="text-align: right;">Page 188</p> <p>1 WALTERS</p> <p>2 Q. Have you ever asked anyone</p> <p>3 associated with U.K. law enforcement as to</p> <p>4 why no charges have ever been brought against</p> <p>5 Interpal?</p> <p>6 A. No, I haven't.</p> <p>7 Q. Look at paragraph 26 of your</p> <p>8 rebuttal report. I'd like you to look at the</p> <p>9 first sentence. It says, "The fact that</p> <p>10 special branch demonstrated 'active interest'</p> <p>11 should have been picked up by the defendant</p> <p>12 as a significant red flag." From your review</p> <p>13 of the record, Nat West was aware that</p> <p>14 special branch demonstrated active interest</p> <p>15 in Interpal because special branch said that</p> <p>16 to Nat West, correct?</p> <p>17 A. Yes.</p> <p>18 Q. Look at paragraph 34 of your</p> <p>19 rebuttal report. I'd like you to read that</p> <p>20 to yourself. What is your basis for stating</p> <p>21 that these transfers bore, "no apparent</p> <p>22 relationship to Interpal's stated purposes or</p> <p>23 geographic areas of focus"?</p> <p>24 A. Because the documents that I</p> <p>25 examined in relation to Interpal, the bank's</p> |

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2 documents, I cannot see a link to this person
3 and why he would be sent money when he's in
4 Russia.
5 Q. What was the purpose of these
6 transfers?
7 A. I don't know that. I can't
8 recall that.
9 Q. You haven't seen anything
10 indicating what the purpose of these
11 transfers were?
12 A. I can't recall.
13 Q. You say here that the transfers
14 have no apparent relationship to Interpal's
15 stated purpose so you must have reached a
16 conclusion as to what the purpose was in
17 order to be able to say that it bore no
18 apparent relation to Interpal's stated
19 purpose so my question is what did you
20 understand the purpose of these transfers to
21 be?
22 A. These transfers, I don't recall
23 why these transfers were made.
24 Q. So you have no idea why these
25 transfers were made?

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1 WALTERS
2 the course of your work?
3 A. Yes.
4 Q. You recognize them?
5 A. Yes.
6 Q. Do these documents indicate to
7 you what the purpose of these transfers was?
8 A. It indicates on here a student
9 grant.
10 Q. What's the basis -- does that
11 refresh your recollection that the purpose of
12 these transfers was a student grant?
13 A. I can see it shows student
14 grant.
15 Q. What's your basis for saying
16 that a student grant bears no apparent
17 relationship to Interpal's stated purposes?
18 A. Transactions as I recall were
19 rare to [REDACTED] to people in [REDACTED] so the
20 geographic location was education, I recall
21 educational matters in their charitable
22 status. It is not normal on this account to
23 send money out to an individual in [REDACTED]
24 Q. If the individual were a
25 Palestinian being educated in [REDACTED], would

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1 WALTERS
2 A. These ones, no.
3 Q. You haven't seen anything in
4 the record that indicates to you why these
5 transfers were made?
6 A. I can't recall.
7 Q. If you did see something in the
8 record that indicated why these transfers
9 were made, you wouldn't have made this
10 statement, right, because you would have then
11 seen what the relationship was and been able
12 to comment on it, correct?
13 A. I can't recall what the
14 relationship is and I can't recall that
15 particular point.
16 Q. You can't recall what the
17 purpose was?
18 A. No.
19 Q. I'm going to show you what's
20 been marked as Exhibit 22 which are bank
21 transfer documentation relating to these
22 transfers and my question is have you ever
23 seen these documents before?
24 A. Yes, I have.
25 Q. You reviewed these documents in

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1 WALTERS
2 that make these transfers within your
3 understanding of the stated purpose of
4 Interpal?
5 A. The red flag exists and
6 examining it can satisfy that the suspicion
7 that gets raised can be, I'm trying to think
8 of a word, can be reduced or negated.
9 Q. You understood from your
10 research of the record of this case that
11 Interpal gave educational grants to
12 Palestinians, correct?
13 A. They are engaged in educational
14 purposes, yes.
15 Q. Did you ever consider the fact
16 that this person was the recipient of an
17 educational grant from Interpal?
18 A. If money is being transferred
19 for nefarious purposes, they would not
20 normally write anything but something that
21 would fit the picture.
22 Q. That wasn't my question.
23 A. You cannot look at it -- you
24 can look at it in isolation, but I think you
25 need to draw all of the background

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1 WALTERS
2 information.
3 Q. Mr. Walters, you really need to
4 answer my question. Did you consider --
5 MR. BONNER: Just because Larry
6 insinuates that you are not answering
7 the question doesn't mean you are not
8 answering his question.
9 Q. My question is the following.
10 Did you ever consider -- did you Gary Walters
11 ever consider the fact that this person was
12 the recipient of an educational grant from
13 Interpal, yes or no?
14 A. My experience and training and
15 background leads me to retain a very open
16 mind about what things are and what the
17 reasons are. In this particular case we are
18 dealing with a very unusual payment by wire
19 transfer to a country that has no apparent
20 link, no obvious link because they don't make
21 these payments on a regular basis to an
22 individual and they have in their report said
23 student grant, but it would require further
24 examination to find out whether that was in
25 the very nature of money laundering. It's

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1 WALTERS
2 the material, I was looking at what did Nat
3 West do about it, not what would Gary Walters
4 do about it. I took a view that they sent
5 money off to an individual in an obscure --
6 [REDACTED] is not an obscure location, but in a
7 location they would not normally transfer
8 money to. The reason for the transfer is a
9 student grant, that's what's been put down.
10 Whether that is or is not what it's about is
11 a different matter. I don't draw judgment on
12 that because I'm not investigating that. I'm
13 not asking the questions that I feel from all
14 my experience that when this red flag comes
15 up it should be questioned. When the red flag
16 appears it should be dealt with and analyzed
17 and assessed and evaluated and an
18 investigation of some kind conducted in order
19 that a decision could be reached is this
20 suspicious or not suspicious.
21 Q. Mr. Walters, in your report in
22 paragraph 34 you describe these transactions
23 as having "no apparent explanation", correct?
24 MR. BONNER: No apparent
25 relationship.

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1 WALTERS
2 made to look clean with reasonable
3 explanation.
4 Q. You think this is a red flag of
5 money laundering?
6 A. For money laundering red money
7 laundering or counter terror financing. My
8 experience is it doesn't tend to be flagged
9 out as this is either criminal money or
10 terrorist money being sent. They will find a
11 cover that says this is going to a student.
12 I don't know who that person is.
13 Q. I want to make sure that I
14 understand you carefully because you are
15 under oath.
16 A. I am.
17 Q. Before I asked you today you
18 remember seeing that this document indicated
19 that the money was being paid to [REDACTED]
20 [REDACTED] for a student grant?
21 A. Yes, I do.
22 Q. You don't refer to that in the
23 paragraph in which you discuss this payment,
24 do you?
25 A. Well, when I was examining all

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1 WALTERS
2 A. Bearing no apparent
3 relationship to Interpal's stated purposes or
4 geographic area of focus.
5 Q. Read on, sir. They are your
6 words. Should have been seen minimally as
7 unusual transactions with no apparent
8 explanation so my question stands you
9 described these transactions as having "no
10 apparent explanation", correct?
11 A. Yes, I did.
12 Q. The documents that you just
13 testified under oath you saw before do reveal
14 an apparent explanation namely a student
15 grant, correct, yes or no?
16 A. That is an apparent explanation
17 so yes.
18 Q. Therefore your statement in
19 your report that these transactions had no
20 apparent explanation was a mistake, correct?
21 A. I'd accept that I made a
22 mistake there. I apologize.
23 Q. Look at your report paragraph
24 67 and 68. Read those to yourself. Have you
25 read those?

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1 WALTERS
2 A. Yes.
3 Q. As reflected in your quotation
4 from Nat West's SAR about [REDACTED]
5 contributions Nat West expressly disclosed
6 this to law enforcement, correct?
7 A. They did make a disclosure,
8 yes.
9 Q. So if this were as you indicate
10 in paragraph 68 another red flag against the
11 Interpal account Nat West explicitly
12 disclosed it to law enforcement, correct?
13 A. My experience of examining
14 suspicious activity reports that are sent to
15 the police if it's not fully set out could
16 make it difficult to identify all of the side
17 issues to one particular report.
18 Q. Did you learn from anyone at
19 law enforcement that they had any difficulty
20 identifying any side issues concerning
21 Interpal?
22 A. No.
23 Q. Let me go back to my prior
24 question. If this were as you indicate in
25 paragraph 68 another red flag against the

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1 WALTERS
2 Interpal account, your words, Nat West
3 explicitly disclosed it to law enforcement,
4 correct?
5 A. They did disclose it to law
6 enforcement.
7 Q. I'd like you to look at
8 paragraph 30 of your report. I'd like you to
9 look at the last two sentences. Is it
10 accurate that you saw no documentation of
11 communication between Nat West and the
12 Charity Commission in connection with the
13 1996 investigation?
14 A. I can't recall seeing any.
15 Q. Let me show you what's been
16 marked as Exhibit 23 which bears the Nat West
17 production number 16498 and ask you did you
18 ever see that document before?
19 A. I don't recall this document.
20 Q. This contradicts what you said
21 in your report, right, this is communication
22 between Nat West and the Charity Commission
23 concerning the 1996 investigation, correct?
24 A. In terms of this I would accept
25 that in order for the bank to have been

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1 WALTERS
2 informed that they needed to place a stop on
3 the account as a better expression they would
4 have received some contact in order to inform
5 them.
6 Q. You're aware that the bank was
7 also informed that the freeze was lifted when
8 the Charity Commission concluded its
9 investigation, correct?
10 A. And they would have been
11 informed that it's been lifted.
12 Q. I'd like you to look at
13 paragraph 37 of your report.
14 A. When I said in paragraph 30 I
15 would have expected to find communication, I
16 was talking about rather more than a stop the
17 account and you can open the account.
18 Q. Do you know whether Nat West
19 and Charity Commission personnel spoke to one
20 another during the course of the
21 investigation?
22 A. I haven't got details of who
23 spoke to who. I would presume that they
24 would have done, but I have not seen any
25 record.

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1 WALTERS
2 Q. You have not seen it in
3 writing?
4 A. I have seen a letter that we
5 referred to earlier where it says there has
6 been discussions.
7 Q. Do you have any reason to
8 believe that's untrue?
9 A. No, but I would have expected
10 to have seen more documentation about
11 discussions during meetings.
12 Q. Here you say there was no
13 communication, but you just told me that you
14 read -- you said there's no documentation of
15 communication, but you did read that there
16 were discussions between the Charity
17 Commission and Nat West, correct?
18 MR. BONNER: Objection to form.
19 Q. You did see documentary
20 evidence that there were discussions,
21 correct?
22 A. If I read my paragraph I say I
23 would have, well, you have to take the whole
24 paragraph I think. I didn't see any
25 documentation of any due diligence or account

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1 WALTERS
2 monitoring being undertaken at the time the
3 account was frozen and from my experience I
4 would have expected, for example, an
5 assessment as to all the account activity
6 preceding the freezing order. I would have
7 also expected to find documentation of
8 communication between the defendant and
9 Charity Commission and even special branch.
10 The lack of documentation -- I'm not saying
11 there's no documentation, but in any event I
12 haven't seen anything that indicates there
13 was any investigation of its own around that
14 '96 investigation.
15 Q. When you were the operational
16 head of the MLIT of the Metropolitan Police
17 Service, did you have occasion during the
18 course of your money laundering
19 investigations to speak with bank personnel?
20 A. Yes, I did.
21 Q. Often?
22 A. Often.
23 Q. Did you write an internal memo
24 every time you spoke to bank personnel?
25 A. In relation to investigations

Page 202

1 WALTERS
2 there was always a record kept of the details
3 of investigation.
4 Q. Did you always write a record
5 of your communications with banks?
6 A. In relation to specific
7 investigations, yes.
8 Q. Otherwise?
9 A. If I wasn't talking about
10 specific cases, not always.
11 Q. Did you ask the banks to write
12 a record of every one of your communications
13 with them?
14 A. My experience was that banks
15 and others would often keep records of
16 communications with me.
17 Q. It's not my question. My
18 question was did you ask the banks to write
19 records of their communication with you?
20 A. On specific investigations or
21 general meetings?
22 Q. When you had a conversation
23 with a banker during the course of one of
24 your money laundering investigations, did you
25 ever tell the banker I want you for your own

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1 WALTERS
2 records to write an internal memo of this
3 communication?
4 A. I didn't specifically ask them
5 to keep a record.
6 Q. Let's look at paragraph 37 of
7 your report.
8 A. Just to clarify that last one
9 to go on, my own experience was that banks
10 would sometimes write to me to confirm the
11 meetings that I had with them.
12 Q. Look at paragraph 37 of your
13 report. That indicates that you're aware
14 that Nat West reported [REDACTED] rt to
15 NCIS, correct?
16 A. Yes.
17 Q. Let me show you what's been
18 marked as Exhibit 24. You recognize this to
19 be Nat West's disclosure to NCIS of [REDACTED]
20 [REDACTED] correct?
21 A. Yes.
22 Q. [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

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1 WALTERS
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

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1 **WALTERS**
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

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1 WALTERS
2 transcript at pages 202 and 203, do you see
3 that?
4 A. Yes.
5 Q. You read Mr. Hoseason's
6 transcript in order to be able to say that,
7 correct?
8 A. I did, yes.
9 Q. I'm going to show you what's
10 been marked as Exhibit 25 which is the
11 transcript of Mr. Hoseason and ask you to
12 turn to page 203. Let me read to you the
13 testimony that I would like you to focus on.
14 Line 8.
15 "Question: Can you explain why
16 you would have felt that there was
17 some urgency to convey this
18 information to NCIS?
19 "Answer: It was very shortly
20 after the events of 11 September. We
21 were making a significant number of
22 disclosures to NCIS at the time. As I
23 think I mentioned before, we were very
24 concerned not to fall short in terms
25 of our reporting obligations. The

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1 **WALTERS**
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 MR. FRIEDMAN: Let's take a
9 break.
10 THE VIDEOGRAPHER: We're now
11 off the record. The time is 3:18
12 p.m., June 8, 2011.
13 (Recess taken.)
14 THE VIDEOGRAPHER: This is tape
15 five of the deposition of Mr. Gary
16 Walters. We are now back on the
17 record. The time is 3:27 p.m., June
18 8, 2011.
19 Q. Mr. Walters, I would like you
20 to look again at paragraph 37 of your report.
21 Specifically your statement as follows.
22 Further, Mr. Hoseason used a letter in this
23 instance referring to Exhibit 24 because he
24 felt the need for urgency to convey the
25 information. You cite Mr. Hoseason's

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1 WALTERS
2 reason I suggested that we sent this
3 letter was because with a certain
4 amount of further review to be done,
5 we were not in a position to put
6 together anything more meaningful at
7 the time. The form itself, the
8 disclosure form, did not really suit
9 putting that kind of information into
10 it so it was more expedient to produce
11 a short letter like this."
12 Do you see that?
13 A. I do.
14 Q. Did you read that testimony
15 before you wrote your report?
16 A. Yes, I did.
17 Q. You have no reason to doubt
18 that that is a truthful explanation for the
19 urgency that Mr. Hoseason felt, correct?
20 A. Well, I know from the letter
21 that in the letter itself Mr. Hoseason
22 informs them that as I state in my report he
23 does say [REDACTED]
24 [REDACTED]
25 [REDACTED]

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1 WALTERS
2 [REDACTED] so, you know, to
3 that extent I can understand that he wants
4 law enforcement to be informed that there is
5 a significant event related to the account
6 and as I understand he said himself he wanted
7 to let law enforcement know as he puts it
8 that they are on top of the situation.
9 Q. He wanted to do it as soon as
10 he could, correct?
11 A. Well, he says we are currently
12 undertaking a thorough review so I would
13 imagine that if that's right then they would
14 have been actively doing it there and then.
15 Q. I'd like you to go back to
16 Exhibit 17 which we looked at this morning,
17 I'm sorry, which we looked at before the
18 break. Do you have that in front of you?
19 A. I have.
20 Q. I would like you to look at
21 paragraph 39 of your report. In the first
22 sentence of paragraph 39 you say that [REDACTED]
23 [REDACTED] disclosure, Exhibit 24, made no
24 mention of -- I'm sorry, in the first
25 sentence of paragraph 39 you say that [REDACTED]

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1 WALTERS
2 A. Yes.
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

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1 WALTERS
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 Q. Look at the first sentence of
6 the disclosure in Exhibit 17. It begins with
7 the following. [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED], do you see that?
12 A. I do.
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

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1 WALTERS
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
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15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

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1 WALTERS
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
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19 [REDACTED]
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21 [REDACTED]
22 [REDACTED]
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24 [REDACTED]
25 [REDACTED]

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1 WALTERS
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED] --
24 [REDACTED]
25 [REDACTED]

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1 WALTERS
2 Q. Have you seen any evidence that
3 Nat West failed to answer any follow up
4 questions posed by NCIS?
5 A. Not that I recall, no.
6 Q. Have you seen any communication
7 from NCIS saying we would have expected that
8 you would have told us something more and put
9 it in context? Did you see anything that said
10 that?
11 A. No, I haven't seen anything
12 that says that.
13 Q. In fact, you're aware of
14 subsequent communications from NCIS and NTFIU
15 that say to Nat West [REDACTED]
16 [REDACTED]
17 correct?
18 MR. BONNER: Objection to form.
19 A. I think we need to go and refer
20 to where that is in my report or the
21 documents. I would like to see the
22 documents.
23 Q. You're aware, we will look at
24 the documents, but you're aware that on a
25 couple of occasions after Exhibit 17 Nat West

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1 WALTERS
2 recorded having spoken with Mark Ashtown and
3 others about [REDACTED]
4 [REDACTED]
5 [REDACTED] correct?
6 MR. BONNER: Objection to form.
7 A. From recollection those
8 communications were not related to these
9 disclosures. These are other matters.
10 Q. They are related to Interpal,
11 correct?
12 A. They are related to Interpal,
13 but not this particular instance.
14 Q. You haven't seen anything where
15 anyone from law enforcement said to Nat West
16 in substance we need more disclosure about
17 [REDACTED], have you?
18 A. I think to set it into context
19 the activity drivers for want of a better
20 term for law enforcement is that judgments
21 would be made, there would be a trust with
22 the banks, it consistently happened a trust
23 with the banks that this is all the
24 information that's available so that's my
25 experience and then you make a judgment on

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1 WALTERS
2 what resources you could put into it from law
3 enforcement based on trust that the bank has
4 provided you with all the information having
5 done a full review of all the accounts as
6 they've stated in their letter.
7 Q. Have you ever seen a
8 communication from law enforcement asking Nat
9 West for more information about [REDACTED]
10 [REDACTED]
11 A. No.
12 Q. Have you ever seen a
13 communication from law enforcement to Nat
14 West after Exhibit 17 asking for more
15 detailed information about [REDACTED]
16 [REDACTED]
17 A. Could you just --
18 Q. Did you ever see any
19 communication from law enforcement subsequent
20 to Exhibit 17 asking Nat West to provide more
21 detail [REDACTED]
22 [REDACTED]
23 A. No, I haven't.
24 Q. Are you aware of any
25 disciplinary action that's ever been taken

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1 WALTERS
2 against Nat West for failing to fulfill its
3 obligations with respect to Interpal by any
4 U.K. authority?
5 A. No, I'm not.
6 Q. Look at paragraph 39 of your
7 report again. The first line you say that
8 with reference to what we've marked as
9 Exhibit 17 that Mr. Hoseason "finally made a
10 disclosure to NCIS on 15 October 2001."
11 That's what you wrote, correct?
12 A. That's what I wrote, yes.
13 Q. By the word finally, you are
14 referring to the time interval between
15 September 27 and October 15, correct?
16 A. When I examined the
17 documentation when there is a letter and
18 documents from -- included in Mr. Hoseason
19 himself saying that -- stressing that he did
20 this because he felt it needed bringing to
21 urgent attention we are currently undertaking
22 a thorough review and I would be -- I feel
23 that there was over two weeks to return a
24 suspicious activity report that is reduced to
25 a few lines is not indicative of a full

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1 WALTERS
2 report and I don't consider that that should
3 have taken as long. It was not my experience
4 that things should take that long.
5 Q. Have you seen any evidence in
6 the record that NCIS expressed any
7 displeasure with the time that it took?
8 A. I have seen no record of that.
9 Q. Have you seen any record that
10 NCIS expressed any displeasure with the
11 contents of the report in Exhibit 17?
12 A. NCIS were making decisions
13 based on the receipt of the material that Nat
14 West delivered to them and that would drive
15 their decision making around what is the
16 state of this case, what are the
17 opportunities around this case.
18 Q. I will ask my question again.
19 Have you seen any record that NCIS expressed
20 any displeasure with the contents of the
21 report in Exhibit 17?
22 A. No, I haven't.
23 Q. Look at paragraph 43. In that
24 paragraph you identify Mike Hoseason as the
25 MLRO of Nat West, correct?

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1 WALTERS
2 A. Yes.
3 Q. What's your basis for that?
4 A. Because Mr. Hoseason as I put
5 it in this instance he's fulfilling the
6 functions of the MLRO.
7 Q. But in paragraph 43 you say
8 that Mr. Hoseason was Nat West's "nominated
9 officer or money laundering reporting officer
10 (MLRO)"?
11 MR. BONNER: I think to be
12 fair, Larry, it says who acted as, not
13 who was.
14 MR. FRIEDMAN: Right.
15 Q. Was Mr. Hoseason to your
16 understanding with the benefit of Mr.
17 Bonner's advice, was he to your understanding
18 the designated MLRO of Nat West?
19 A. No, he wasn't.
20 Q. He was not, who was?
21 A. I would have to go back
22 through. As I sit here, I can't recall. I
23 could go back to the structure chart and
24 remind myself of the names.
25 Q. Did you ever hear the name

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| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p style="text-align: right;">Page 221</p> <p>1 WALTERS 2 David Swanney? 3 A. I have heard the name David 4 Swanney. 5 Q. Was he the MLRO? 6 A. I would need to go back to the 7 structure chart. 8 Q. Was Richard Gossage the MLRO? 9 A. I would need to go back to the 10 structure chart because as I put in there in 11 banks different staff members fulfill the 12 actions of the nominated officer or money 13 laundering reporting officer. The nominated 14 officer is -- my understanding is you can 15 only have one nominated officer who takes 16 responsibility, but it is the actions that 17 people are taking and in this case I have 18 clearly said that in this instance Mr. 19 Hoseason is acting as the money laundering 20 reporting officer. 21 Q. In your parlance whoever files 22 an SAR at one point or another is in that 23 instance acting as the MLRO? 24 A. For me they are acting on 25 behalf of the MLRO and fulfilling the</p> | <p style="text-align: right;">Page 223</p> <p>1 WALTERS 2 A. They are not -- for the purpose 3 of this report, you know, I'm talking about 4 this particular instant and the actions he 5 took, not necessarily the responsibilities 6 that he took. 7 Q. Okay, but you just told me two 8 answers ago that because of the 9 responsibilities he took in relation to this 10 report you believe he was the MLRO? 11 A. I didn't believe he was the 12 MLRO. 13 Q. You believe he was acting on 14 behalf of the MLRO? 15 A. Acting on behalf of the MLRO 16 and conducting the actions of the MLRO. 17 Q. Here you say he was acting as 18 the MLRO, correct? 19 A. Which to me means he's 20 fulfilling the actions hence the word acted 21 as the nominated officer. I don't know -- at 22 that moment I don't know as I sit here at 23 that moment who was the official MLRO, but in 24 this particular instance he was conducting 25 the actions of the MLRO.</p> |
| <p style="text-align: right;">Page 222</p> <p>1 WALTERS 2 functions for that purpose. The 3 responsibility would remain with the MLRO. 4 Q. In paragraph 43 you wrote not 5 that Mr. Hoseason was acting on behalf of the 6 MLRO, but that he was acting as the MLRO, 7 correct? 8 A. I'm happy with my wording that 9 he was acting as the MLRO. 10 Q. Then let's go back. Was Mr. 11 Hoseason ever acting as the MLRO? 12 A. For me he was acting as the 13 MLRO. 14 Q. Because he filed the suspicious 15 activity report? 16 A. He was reviewing it and dealing 17 with it and submitting reports. His actions 18 are those of the MLRO. 19 Q. So again you told me no before, 20 but I'll ask again to make sure I'm clear, in 21 your lexicon if someone is preparing, 22 reviewing and filing a SAR, that makes that 23 person the MLRO for that point in time, 24 correct? 25 MR. BONNER: Objection to form.</p> | <p style="text-align: right;">Page 224</p> <p>1 WALTERS 2 Q. Are you a plaintiff in this 3 case? 4 A. No, I'm not. 5 Q. You are appearing on behalf of 6 the plaintiff, correct? 7 A. I'm here to assist the court. 8 Q. You are not a plaintiff? 9 A. No. 10 Q. The U.K. banking regulations 11 require that banks name someone as an MLRO, 12 correct? 13 A. Yes. 14 Q. Was Mr. Hoseason ever so named? 15 A. I don't believe so. 16 Q. Look at paragraph 49 of your 17 report. You state that one factor that gave 18 credibility to the cryptome report was that 19 it listed six of the key figures within 20 Interpal by name, correct? 21 A. Yes. 22 Q. Look at Exhibit 17 which is the 23 second disclosure that Nat West made to NCIS. 24 [REDACTED] 25 [REDACTED]</p> |

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1 WALTERS
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

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1 WALTERS
2 Q. Could have picked up the
3 telephone, correct?
4 A. I'd be speculating. There is
5 many things that could have happened.
6 Q. When you were at the
7 Metropolitan Police Service, did NCIS have
8 telephones?
9 A. Yes.
10 Q. Did they have computers?
11 A. Yes.
12 Q. Did they have pens, paper and
13 pencils?
14 A. They did.
15 Q. When they wanted a production
16 order, they asked for one from the court,
17 correct?
18 A. You apply for a production
19 order of the court, yes.
20 Q. They knew how to do that?
21 A. Yes.
22 Q. You say in paragraph 49 that
23 another factor that gives credibility to the
24 cryptome report was the fact that Interpal
25 had received transfers from what you refer to

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1 WALTERS
2 [REDACTED]
3 [REDACTED]
4 Q. You've never met anyone at NCIS
5 who doesn't know how to read English, have
6 you?
7 A. No.
8 Q. Going back to paragraph 49,
9 another factor that you say gives the
10 cryptome report credibility is that it listed
11 Interpal's account numbers, correct?
12 A. Yes.
13 Q. Exhibit 17, the NCIS disclosure
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 Q. If NCIS had any doubts about
19 that, it could have asked Nat West to provide
20 NCIS with the account numbers, correct?
21 A. It could have asked and it
22 could have got a production order.
23 Q. Either way?
24 A. They could have gone to court
25 and opened an investigation into this.

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1 WALTERS
2 as Al Aqsa entities, correct?
3 A. Yes.
4 Q. You are aware that the Al Aqsa
5 Foundation was not designated by either the
6 U.S. or U.K. until May of 2003, correct?
7 A. Yes.
8 Q. That's 11 months after the
9 cryptome report, I'm sorry, that's a
10 year-and-a-half after the cryptome report was
11 disclosed by Nat West to NCIS, correct?
12 A. Yes.
13 Q. You say another fact that gives
14 credibility to the cryptome report was that
15 Interpal received funds from [REDACTED] correct?
16 A. Yes.
17 Q. You're aware that [REDACTED] has
18 never been designated by either the U.S. or
19 the U.K., correct?
20 A. I'm not sure of that.
21 Q. You're not sure of that?
22 A. No.
23 Q. In paragraph 18 of your report
24 on page 4 in your ninth red flag you note
25 that [REDACTED] was outlawed by Israel, correct?

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|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1 WALTERS 2 A. Yes. 3 Q. Do you believe that if [REDACTED] had 4 been designated by the U.K. or by the U.S. 5 that you or whoever else wrote this paragraph 6 would have indicated that? 7 A. Absolutely. 8 Q. You infer that [REDACTED] was never 9 designated by the U.K. or the U.S., correct? 10 A. To my knowledge it's never been 11 designated. 12 Q. When you were a member of the 13 Metropolitan Police Service, did you ever 14 enforce Israeli law in England? 15 A. No. Not that I'm aware of or 16 not that I can recall. 17 Q. If you look at paragraph 50 of 18 your report you refer to the fact that a 19 thorough review would have shown outflows 20 from Interpal to Al Mujama, Al Islami, [REDACTED] 21 Al Islah Charitable Society, Islamic Society 22 Al Khalil, El Wafa Charitable Society and the 23 Jenin Zakat Committee, right? 24 A. Yes. 25 Q. Has any of those entities ever</p> | <p>1 WALTERS 2 because I didn't hear that I asked a 3 question. 4 MR. BONNER: Come on, Larry, 5 please, he's been perfectly 6 responsive all day long. He was 7 trying to elucidate the record, but 8 you don't need to be condescending 9 like that. 10 MR. FRIEDMAN: I'm not 11 condescending. 12 MR. BONNER: Yes, you were. 13 MR. FRIEDMAN: And he was not 14 responding to a question and I move to 15 strike it. 16 MR. BONNER: Then move to 17 strike it. You don't need to take that 18 tone of voice with him, Larry. 19 MR. FRIEDMAN: Can you please 20 stop. 21 MR. BONNER: No, I'm not going 22 to stop. 23 Q. Mr. Walters, I will ask you 24 questions and you can answer them. If I 25 don't ask a question, then you need not say</p> |
| Page 230 | Page 232 |
| <p>1 WALTERS 2 been designated in the U.K. or the U.S.? 3 A. If I heard you correctly and 4 recall the different ones you used, then no, 5 not that I'm aware of. 6 Q. [REDACTED] was not designated 7 until 2003, correct? 8 A. That's correct. 9 Q. Two years after the disclosure, 10 correct? 11 A. That's correct. Can I just say 12 that when analyzing this information to see 13 what opportunities existed or what perhaps 14 should have been done, this kind of research 15 would assist in providing the bank with the 16 opportunity to judge whether that cryptome 17 report raises the threat level or actually 18 has no credibility and this information was 19 readily available to the bank as internal 20 information in terms of the amounts and 21 transfers. Then would be if it was submitted 22 to law enforcement would be able to be 23 assessed by law enforcement. 24 Q. When you just said that, Mr. 25 Walters, were you responding to a question</p> | <p>1 WALTERS 2 anything. You could say whatever you want, I 3 can't physically stop you from saying 4 whatever you want, but it's just going to 5 prolong the deposition if you say something 6 when I haven't asked a question. 7 A. Okay, I apologize. 8 Q. Don't apologize. 9 MR. BONNER: There's no reason 10 to apologize. It was perfectly 11 responsive to the question and he's 12 been responding all day, Larry. 13 Please don't take that tone, it's not 14 proper. 15 MR. FRIEDMAN: There's no tone, 16 Jim, and it can't be responsive to the 17 question because there was no question 18 as the record will reflect. 19 MR. BONNER: I think that as 20 we've seen throughout the course of 21 the day from time to time if 22 information occurred to Mr. Walters 23 and he wanted to try to supplement the 24 record to make his answers a little 25 more clear, but if you don't want to</p> |

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1 WALTERS
2 have a clear record, that's up to you,
3 Larry, and you could have a record
4 that's unclear, but there's nothing
5 about what he did that's the least bit
6 improper.
7 MR. FRIEDMAN: I disagree, but
8 are you done or you want to say
9 something more?
10 MR. BONNER: I'm pretty much
11 finished, but you seem to be the guy
12 that wants to have the last word so go
13 ahead, say the last word and we will
14 move on.
15 MR. FRIEDMAN: Are you five or
16 12 or 15?
17 MR. BONNER: I figured you
18 would have to have the last word.
19 Q. Mr. Walters, let's go back to
20 your deposition. Could you look at paragraph
21 55. I'd like you to focus on the last
22 sentence. Is it correct that you have seen
23 no documentation of action taken by Nat West
24 to understand Interpal's activities between
25 November 19, 2001 and July 2002? Do you want

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1 WALTERS
2 me to put the question again?
3 A. What I haven't seen is any
4 documented review that sets out how they
5 gained an understanding of the activities and
6 full details behind the sizeable
7 transactions.
8 Q. You say, "I have seen no
9 documentation of any such action being taken
10 before July 2002", correct?
11 A. In relation to that particular
12 comment by Mr. Hoseason, yes.
13 Q. And the comment is, "I think we
14 need to gain a clear understanding of the
15 activities here and full details behind some
16 of the sizeable transactions", correct?
17 A. Yes.
18 Q. So your testimony is that you
19 have seen no documentation of any action
20 being taken between November 2001 and July
21 2002 about gaining a clear understanding of
22 the activities and full details behind some
23 of the sizeable transactions?
24 A. My recollection is that the
25 sort of documentation that would inform me on

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1 WALTERS
2 that would be some kind of analysis against
3 the account in that sort of way.
4 Q. Let me show you what's been
5 marked as Exhibit 29 which bears the
6 production number Nat West 12954. Did you
7 look at that before you wrote your report or
8 before you signed your report?
9 A. I believe I did.
10 Q. That's an e-mail exchange --
11 those are e-mails involving Belinda Lane who
12 was the relationship manager for the Interpal
13 accounts and Martin Wiltshire dated January
14 2002, correct?
15 A. Yes.
16 Q. You will agree with me that
17 January 2002 is between November 2001 and
18 July 2002, correct?
19 A. Yes.
20 Q. Let me show you what's been
21 marked as Exhibit 30 which bears the Nat West
22 production number 13637. Did you look at
23 this before you signed your report?
24 A. I believe I did, yes.
25 Q. This is Belinda Lane's notes of

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1 WALTERS
2 a meeting that she had with Interpal
3 concerning its activities and its banking,
4 correct?
5 A. That's what it appears to be,
6 yes.
7 Q. It's dated March 20, 2002,
8 correct?
9 A. It is.
10 Q. You will agree with me that
11 March 2002 is between November 2001 and July
12 2002, correct?
13 A. It is.
14 Q. Why don't you read paragraph 63
15 of your report to yourself?
16 A. I think I need to -- bearing in
17 mind -- I'm bearing in mind what you said
18 about questions, that you asked a question
19 about clarify something.
20 Q. Do you want to clarify an
21 answer that you gave?
22 A. I want to clarify, yes, I do.
23 Q. What answer are you clarifying?
24 A. To explain what I was looking
25 for around documentation between these dates.

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1 WALTERS
2 Q. I didn't ask you what you were
3 looking for. I was asking you to look at
4 these documents and I asked you whether you
5 saw them before you signed your report and I
6 asked you to verify the dates?
7 A. But in terms of analysis
8 there's another date on this document when it
9 was sent in October 2005 from somebody so
10 what I don't know is whether there was any
11 proper analysis done on the account as
12 reflected.
13 Q. I can explain that to you. I
14 can explain the 2005 date to you, Mr.
15 Walters, so that you have no
16 misunderstanding. That was after this lawsuit
17 was commenced and the documents were gathered
18 for the purpose of production to plaintiffs
19 so that fax number reflects the gathering of
20 documents for production to the plaintiffs in
21 the case. It doesn't reflect a business
22 related communication in 2005.
23 A. But this doesn't reflect to me
24 -- the customer meeting doesn't reflect that
25 anyone but Belinda Lane has seen it.

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1 WALTERS
2 Q. I understand. I didn't ask you
3 that question.
4 A. It's a note to herself.
5 Q. In your experience would a
6 relationship manager prepare a note like this
7 and not give it to anyone?
8 A. It could sit as a file note
9 that doesn't go anywhere.
10 Q. Did you read Ms. Lane's
11 deposition testimony about who she gave this
12 to?
13 A. I can't recall this particular
14 document being discussed.
15 Q. You could put that to one side.
16 Look at paragraph 63 of your report. The
17 first sentence you say that you have not seen
18 any evidence that Nat West implemented KYC
19 procedures with respect to Interpal, do you
20 see that?
21 A. Yes, I do.
22 Q. Did you have Exhibit 30 in mind
23 when you signed a report containing that
24 statement?
25 A. I would have expected to see

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1 WALTERS
2 more.
3 Q. Going back to Exhibit 29, you
4 see that in Mr. Wiltshear's January 17, 2002
5 e-mail he asks Ms. Lane to provide him with
6 more background information concerning
7 Interpal because there was a concern about
8 terrorist funding, correct?
9 A. Yes.
10 Q. Above that is a response from
11 Belinda Lane where among other things she
12 says that she's going to meet with Mr.
13 Qundil at Interpal, correct?
14 A. Yes.
15 Q. Exhibit 30 is a note of Ms.
16 Lane's meeting thereafter with Mr. Qundil at
17 Interpal, correct?
18 A. It would appear not to be the
19 meeting she held on 21st of January because
20 it's dated the 20th of March.
21 Q. Did you read her testimony
22 about why that meeting was delayed until
23 March?
24 A. I can't recall what the
25 explanation was.

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1 WALTERS
2 Q. Based on your experience
3 dealing with bankers with Ms. Lane having
4 told Mr. Wiltshear that she's going to have a
5 meeting with Mr. Qundil in response to Mr.
6 Wiltshear's request for more background on
7 Interpal, do you think -- would you expect
8 that Ms. Lane having had a meeting and
9 writing a memo of the meeting would not have
10 provided to Mr. Wiltshear, but would have
11 just put it in her file?
12 MR. BONNER: Objection to form.
13 A. What she sent -- in document 29
14 she sent Mr. Wiltshear some information, but
15 she might have -- I'm speculating. I have to
16 say that she may or may not have.
17 Q. Would you expect that she would
18 have given your experience dealing with
19 bankers?
20 A. I don't think I can speculate
21 on that.
22 Q. Despite your experience with
23 bankers for you to say that if one banker
24 asked another to get some information and the
25 other went and got that information and wrote

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1 WALTERS
2 it down in a memo, you think it would be
3 speculative despite your experience with
4 bankers to say that that memo would not have
5 been shown to anybody?
6 MR. BONNER: Objection to form.
7 A. Would not have what?
8 Q. Would have been shown to
9 somebody?
10 MR. BONNER: Objection.
11 A. Within this case there are a
12 couple of other instances where people said
13 they would do things and then nothing
14 happened for a long time.
15 Q. Look at paragraph --
16 A. I would have expected bankers
17 to have done what they said they would do.
18 Q. Look at paragraph 57 of your
19 rebuttal report. Why don't you read that to
20 yourself.
21 A. Yes.
22 Q. You see that there was no
23 guidance given to Ms. Lane with respect to
24 balancing the risk of tipping off with the
25 need for further information, correct?

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1 WALTERS
2 A. I haven't seen it or I don't
3 recall seeing it.
4 Q. Did you read her deposition
5 testimony?
6 A. I did.
7 Q. Do you remember that she
8 testified about her training on tipping off?
9 A. I don't recall that particular
10 thing. Perhaps I could read it.
11 Q. Let me show you what's been
12 marked as Exhibit 31 which is the deposition
13 transcript of Belinda Lane and ask you to
14 look at page 234, line 6 through 21. I'll
15 ask you to read that to yourself. Did you
16 read that testimony before you signed your
17 report?
18 A. I'm still reading.
19 Q. Sorry.
20 A. Just trying to get it into
21 context here.
22 Q. Did you read that before you
23 signed your report?
24 A. Yes, I did.
25 Q. You could put that aside.

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1 WALTERS
2 A. In a case like this that's a
3 one off case, just to finish my answer from
4 the last one, I read that, but in this one
5 it's a specific very special account and I
6 would have anticipated that she would have
7 received some bespoke guidance on what to ask
8 and what to not to ask.
9 MR. FRIEDMAN: I move to strike
10 everything after yes, I did.
11 Q. Look at paragraph 64 of your
12 rebuttal report.
13 MR. BONNER: Paragraph 64,
14 right?
15 Q. Your reference to the first SAR
16 is to the SAR [REDACTED]
17 [REDACTED] correct?
18 A. I believe so, yes. Yes.
19 Q. Look at paragraph 161 of your
20 report. You write, "Suspensions of links to
21 terrorist financing was raised again by
22 payment of [REDACTED] rom [REDACTED]
23 [REDACTED]
24 [REDACTED] which led to an SAR being
25 filed submitted internally stating possible

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1 WALTERS
2 umbrella for funding terrorism in the Middle
3 East (NW 00834 to 380)", do you see that?
4 A. I do.
5 Q. Did you look at that document
6 before you signed your report containing that
7 paragraph?
8 A. Yes.
9 Q. Let's mark as Exhibit 32 the
10 document you cite and let's mark as Exhibit
11 33 a goalkeeper report dated three days
12 later. Putting those in front of you. Do
13 you recognize Exhibit 32 to be the document
14 you reference in paragraph 161? Question is
15 do you recognize Exhibit 32 as the document
16 you reference in paragraph 161?
17 A. Obviously there is a page been
18 taken out.
19 Q. It's because it's a blank page,
20 but in paragraph 161 you refer to a document
21 bearing the production numbers 8374 to 380
22 and Exhibit 2 has the same production
23 numbers, correct?
24 A. Yes.
25 Q. You recognize Exhibit 33 as a

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1 WALTERS
2 goalkeeper report that was created three days
3 later, correct?
4 A. Yes.
5 Q. You see from page 8377 in
6 Exhibit 32 that this payment occurred on [REDACTED]
7 [REDACTED]
8 A. Yes.
9 Q. And you see that on page 8387
10 in Exhibit 33 that Nat West informed Belinda
11 Lane that it would report this to the
12 authorities on July 9, 2002, correct?
13 A. Sorry, could you take me back
14 to that reference?
15 Q. 8387 in Exhibit 33?
16 A. Yes.
17 Q. In paragraph 161 you say that
18 this payment was from [REDACTED]
19 [REDACTED]
20 [REDACTED]. You agree with me that this payment
21 was in fact from [REDACTED] correct? Mr.
22 Walters, this payment was received from a [REDACTED]
23 [REDACTED] correct?
24 A. I'm having a bit of a slow
25 brain moment. I do apologize. Exhibit 32

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1 WALTERS
2 relates to a payment received in the account
3 the [REDACTED] Exhibit 33 makes
4 reference to a payment originating from the
5 [REDACTED]
6 [REDACTED]
7 Q. What you recall from reading
8 the record is that the payment was received
9 from [REDACTED] Nat West wrote a letter to
10 Interpal asking for more information about
11 the payment which is at 8389 in Exhibit 33
12 and Interpal responded that the payment was
13 from [REDACTED]
14 [REDACTED] correct, and
15 that's at 8390, do you see that?
16 A. What I'm reading is that
17 suspicion was raised about this payment and
18 they wrote to Interpal to ask about it and
19 had a reason put forward.
20 Q. Including that a payment was
21 made on behalf of [REDACTED]
22 [REDACTED]
23 [REDACTED] correct?
24 A. Yes.
25 Q. That letter stating that at

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1 WALTERS
2 8390 is dated August 6, 2002, correct?
3 A. Yes.
4 Q. Go back to Exhibit 32 which is
5 the document that you reference in paragraph
6 161 of your report and that shows that Nat
7 West made a disclosure to NCIS about this
8 payment on July 4, 2002, correct?
9 A. Sorry, Exhibit --
10 Q. Exhibit 32, that's the document
11 that you cite in paragraph 161 of the report
12 that you signed and if you look at page 8383,
13 it's in 33, I'm sorry, I erred, if you look
14 at Exhibit 33 in the goalkeeper report on the
15 third page which is 8383, that shows that an
16 NCIS disclosure was made, correct?
17 A. My reading is the disclosure
18 took place quite a long time afterwards.
19 Q. I have to show you another
20 exhibit that will give you the date. Showing
21 you Exhibit 34 which bears the Nat West
22 production numbers 52074 through 52091. If
23 you look at the last three pages bearing
24 production numbers 52089 through 91, that
25 shows you the NCIS disclosure about this

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1 WALTERS
2 payment was made on June 17, 2002, correct,
3 do you see that?
4 A. Which page, sorry?
5 Q. 52089, the third to last page
6 of this exhibit, this shows that the NCIS
7 disclosure about this transaction was made on
8 June 17, 2002, correct, do you see that?
9 A. 17 of June.
10 Q. 2002, correct, do you see that?
11 A. I do.
12 Q. You see that this was given the
13 NCIS identification number 666814, correct,
14 if you look at the top of page 52089?
15 A. Yes.
16 Q. Now go back to Exhibit 33 which
17 is the goalkeeper report about this payment.
18 You see there that it too bears the same NCIS
19 identification number in the first box
20 666814, correct?
21 A. Yes, I can see that.
22 Q. In paragraph 162 you say a
23 decision was made -- of your report you say
24 "A decision was made yet again not to
25 disclose this information to law

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1 WALTERS
2 enforcement." Exhibit 34 demonstrates that
3 Nat West did disclose this payment to NCIS in
4 June of 2002, correct?
5 A. That is how I now read it, yes.
6 MR. FRIEDMAN: Let's take a
7 break.
8 THE VIDEOGRAPHER: We are now
9 off the record. The time is 4:34
10 p.m., June 8, 2011.
11 (Recess taken.)
12 THE VIDEOGRAPHER: This is tape
13 six of the deposition of Mr. Gary
14 Walters. We are now back on the
15 record. The time is 4:46 p.m. Today
16 is June 8, 2011.
17 MR. BONNER: Before you get
18 started, Larry, Gary just wanted to
19 clarify his last answer.
20 MR. FRIEDMAN: Gary wants to
21 clarify his last answer.
22 Q. Go ahead.
23 A. The submission of the SAR
24 doesn't mention what's on the other reports
25 about it being for [REDACTED]

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1 WALTERS
2 [REDACTED]
3 Additionally in this particular instance I
4 know during the case Mr. Holland took issue
5 with me about tipping off and in this case
6 they have gone straight to the customer and
7 asked inquiries.
8 Q. If you look at Exhibit 33, it
9 shows that Nat West learned about the payment
10 being made by [REDACTED]
11 [REDACTED] n a
12 letter responding to Nat West's inquiry in a
13 letter from Interpal dated August 6, 2002,
14 correct?
15 A. Yes.
16 Q. That was after the SAR was
17 filed, correct?
18 A. Yes.
19 MR. FRIEDMAN: I'm going to ask
20 the reporter to mark as Exhibit 44 a
21 document bearing production number NW
22 13698.
23 (Exhibit 44, Document, Bates
24 labeled NW 13698, marked for
25 Identification.)

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1 WALTERS
2 Q. Have you ever seen this before?
3 A. Yes, I have.
4 Q. This is an e-mail from Mr.
5 O'Hear dated September 27, 2003, correct?
6 A. Yes.
7 Q. To a colleague in group risk
8 management, correct?
9 A. Yes.
10 Q. And the subject is Interpal,
11 correct?
12 A. Yes.
13 Q. It reads as follows. The
14 second paragraph. "I have today spoken to
15 Mark Ashtown of the NTFIU special branch New
16 Scotland Yard [REDACTED]
17 [REDACTED]". You
18 understand, Mr. Walters, that refers to the
19 payment we've just been discussing?
20 A. Yes, I do.
21 Q. Then the e-mail goes on to say
22 the following. "I advised Interpal and
23 confirmed the source of this payment to be
24 [REDACTED]
25 [REDACTED]"

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1 WALTERS
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED] ations
7 [REDACTED]
8 [REDACTED]
9 [REDACTED] Do you
10 see that?
11 A. I do.
12 Q. In fact, if you look at Exhibit
13 32, sorry, 34, I apologize, and the page that
14 bears production number 52077, you see that
15 Mr. O'Hear put the same information in the
16 goalkeeper system and he wrote as follows.
17 "When completing a further disclosure on this
18 connection, see goalkeeper reference 710368.
19 A review of all link disclosures was taken.
20 The [REDACTED] payment of [REDACTED]
21 originated from [REDACTED]
22 [REDACTED] This
23 organization albeit not at the time in [REDACTED]
24 [REDACTED] now appears on a list of names suspected
25 terrorists" and there are initials GRM

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1 WALTERS
2 records.
3 Q. You can put that to one side.
4 Let me show you what's been marked as Exhibit
5 35 which bears the Nat West production
6 numbers 12129 through 12152. If you look at
7 paragraph 105 of your rebuttal report these
8 are the documents that you refer to with
9 respect to a [REDACTED] transfer that Interpal
10 received, correct?
11 A. Yes.
12 Q. You say that these documents
13 were received from [REDACTED], correct?
14 A. Let me just look at that.
15 Q. I'm just asking about 105. In
16 105 you say this was a [REDACTED] transfer from
17 [REDACTED] correct?
18 A. Yes.
19 Q. Look at Exhibit 35. Based on
20 your experience in dealing with banking
21 records you can see on the document that
22 bears the production number 12142 that the
23 name of the entity is actually [REDACTED]
24 [REDACTED]
25 [REDACTED], correct?

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1 WALTERS
2 A. Yes.
3 Q. I'm going to show you what
4 we've marked as Exhibits 27 and 28 which are
5 the OFAC designation of Al Aqsa Foundation
6 and the Bank of England designation Al Aqsa
7 Foundation both in May of 2008. Here's 27
8 which is the OFAC designation of Al Aqsa
9 Foundation and 28 which is the Bank of
10 England designation. Keep in front of you
11 that document from Exhibit 35 that identifies
12 the name of the recipient of this transfer,
13 do you see that? You have it in front of
14 you, Mr. Walters, that's good. Look at
15 Exhibit 27 which is the OFAC designation of
16 the Al Aqsa Foundation. Have you ever seen
17 this document before?
18 A. I'm not sure. I think so, yes.
19 Q. Do you see that on the first
20 page under the heading a/k/a's it lists
21 aliases of the Al Aqsa Foundation?
22 A. Yes.
23 Q. You are familiar with the
24 phrase a/k/a meaning also known as, correct?
25 A. I am.

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1 WALTERS
2 Q. Do you see in that list the
3 name that appears in the wire transfer
4 documentation for Exhibit 35 as the source of
5 this payment to Interpal? Does that name
6 appear there?
7 A. I'm just finishing reading.
8 Sorry. There are very similar names here.
9 Q. But does that name appear?
10 A. There's a different spelling of
11 [REDACTED] I don't know if I pronounced
12 that correctly.
13 Q. That entity is listed in the
14 OFAC release as Muwasa Sanabil Al Aqsa Al
15 Kherevah, correct?
16 A. Yes.
17 Q. Does the name of the entity
18 that transferred funds to Interpal appear in
19 the OFAC designation, Exhibit 27?
20 A. I can't see that the name
21 appears.
22 Q. Now look at the Bank of England
23 designation Exhibit 28. You will agree with
24 me that the next to last page of this
25 document lists the designated entity and its

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1 WALTERS
2 aliases, correct, do you see that?
3 A. I can see it lists them.
4 Q. Again, you agree with me that
5 the name of the entity that transferred
6 [REDACTED] to Interpal does not appear on this
7 Bank of England sanctions list either,
8 correct?
9 MR. BONNER: Objection to form.
10 A. It is recognized and documented
11 that people transferring money don't always
12 use directly the same names if they are
13 trying to cover it up.
14 Q. My question is a little bit
15 different. Actually a lot different. Do you
16 see the name of the transferor to Interpal in
17 the Bank of England designation?
18 MR. BONNER: Objection to form.
19 A. Not a direct match, no.
20 Q. In paragraph 105 of your report
21 you refer to the transferor as [REDACTED]
22 rather than by its true name as reflected in
23 the document that you identified for that
24 information [REDACTED]
25 [REDACTED]

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1 WALTERS
2 Where did you get the name [REDACTED]
3 from?
4 A. I shortened it to that.
5 Q. You also don't see [REDACTED]
6 name on either the OFAC designation list or
7 the Bank of England designation list,
8 correct?
9 A. That's correct.
10 Q. Look at paragraph 108 of your
11 report. You say there that at this time in
12 2003 [REDACTED] was a high risk jurisdiction, do
13 you see that?
14 A. Yes.
15 Q. What's your basis for referring
16 to [REDACTED] there as a high risk jurisdiction?
17 A. I believe in 2003 there were
18 various difficulties in the Middle East.
19 Q. Is it your subjective
20 determination that it was a high risk
21 jurisdiction?
22 A. Subjective is an interesting
23 word. I draw on my experience and knowledge
24 to assess these documents.
25 Q. Nat West -- FATF publishes

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1 WALTERS
2 lists of high risk jurisdictions, right?
3 A. They do.
4 Q. Has [REDACTED] ever been listed?
5 A. I'm not aware.
6 Q. Do you know of any other entity
7 that publishes lists of high risk
8 jurisdictions other than FATF?
9 A. As I sit here now I'm not
10 aware.
11 Q. Look at paragraph 165 of your
12 report. Read that to yourself.
13 A. Yes.
14 Q. This relates to the telephone
15 call that Mr. O'Hear made to Mr. Ashtown that
16 we read about in Exhibit 44, correct?
17 A. Yes, it does.
18 Q. Also in Exhibit 34?
19 A. Yes.
20 Q. You say, "This additional
21 information was passed to law enforcement,
22 but not officially disclosed." By that you
23 mean it was disclosed in a telephone call?
24 A. Yes, I do and not through the
25 normal suspicious activity reporting regime.

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1 WALTERS
2 Q. In that telephone call
3 according to what you see before you, Mr.
4 Ashtown told Mr. O'Hear [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 correct?
8 A. I'm not sure without going back
9 the exact wording, [REDACTED]
10 [REDACTED].
11 Q. Have you ever seen that NTFIU
12 special branch ever subsequently told Nat
13 West that it should make additional
14 disclosure on this subject?
15 A. My experience would be that
16 this is just in relation to this verification
17 of the information that they had and not an
18 on going expansion into you don't need to
19 bother with anything else.
20 Q. My question was a little bit
21 different. In fact a lot different. Have
22 you seen any evidence that following this
23 conversation between Mr. Ashtown and Mr.
24 O'Hear anyone in law enforcement asked Nat
25 West to make a written disclosure on this

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1 WALTERS
2 subject?
3 A. On this particular bit?
4 Q. Yes.
5 A. Not on this particular
6 transaction.
7 Q. As you understand the record,
8 Nat West called special branch, called the
9 NTFIU special branch and [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED] ?
14 A. Yes.
15 Q. He also said that
16 [REDACTED]
17 [REDACTED] correct?
18 A. Yes.
19 Q. He also said [REDACTED]
20 [REDACTED]
21 [REDACTED] correct?
22 A. Yes.
23 Q. You're criticizing Nat West for
24 not submitting an updated disclosure on this,
25 correct?

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1 WALTERS
2 A. Where is my criticism here?
3 Q. You say in paragraph 165, "My
4 reading of this comment is that Mark Ashtown
5 did not require a SAR on that particular
6 payment at that time. I can see no basis to
7 conclude that there was no requirement to
8 report suspicions as they arose based on any
9 different factors." Aren't you criticizing
10 Nat West for filing a SAR on this subject?
11 A. On that particular transaction
12 I don't see a criticism there of Nat West.
13 Q. Thank you.
14 A. I would like to clarify. How
15 do you see a criticism of Nat West?
16 Q. If you tell me that you do not
17 mean to imply a criticism of Nat West I can
18 move on.
19 A. On that one instant.
20 Q. Yes.
21 A. Yes.
22 Q. Look at paragraph 167. You
23 wrote as follows. The above demonstrates
24 that the defendant still suspected the
25 account as being involved in terrorist

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1 WALTERS
2 financing after having spoken to special
3 branch about the [REDACTED] payment.
4 Then you cite the document. You go on to say
5 given the number of SARs as well as the
6 investigations by law enforcement in August
7 2003, I cannot understand why a further
8 disclosure was not submitted to law
9 enforcement in the standard manner. With
10 respect to this payment, NTFIU told Nat West
11 [REDACTED]
12 [REDACTED]
13 A. They did.
14 Q. Let's go to paragraph 75.
15 A. Can I extend that just to say
16 that I would have expected, of course, I can
17 read what happened and understanding that
18 they telephoned, but what I'm saying is the
19 normal process would have been to submit a
20 SAR.
21 Q. So the normal process for Nat
22 West would have been despite the statement by
23 the representative of the Metropolitan Police
24 Service section responsible for terrorist
25 financing that [REDACTED]

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1 WALTERS
2 the bank nonetheless should have made a
3 written disclosure, that's your opinion?
4 A. I would have thought they would
5 have having confirmed the information and I
6 haven't had a chance to look at -- I can't
7 find the date there, but I would have in
8 normal course events I would have expected
9 that when they got the feedback from their
10 own staff that this payment came from this
11 particular organization that they would have
12 submitted a SAR with that information. Having
13 decided not to do that and then telephone and
14 spoken, I can understand why they then didn't
15 submit one.
16 Q. At the time they learned that
17 information in the letter from Interpal in
18 August of 2002, [REDACTED] had not yet been
19 designated by the U.K. or the U.S., correct?
20 It wasn't designated by them until May 2003,
21 correct?
22 A. I believe you're right.
23 Q. Then after the designation
24 occurred in May 2003, Nat West made the
25 disclosure by telephone to NTFIU and NTFIU

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1 WALTERS
2 said [REDACTED]
3 [REDACTED] correct?
4 A. I got that down as September
5 2003, isn't it?
6 Q. After the designation occurred
7 in May 2003, Nat West made the disclosure to
8 NTFIU in September 2003 and NTFIU said [REDACTED]
9 [REDACTED]
10 [REDACTED] e, correct?
11 A. Yes.
12 Q. They also said [REDACTED]
13 [REDACTED] correct?
14 A. Who said that?
15 Q. Mark Ashtown.
16 A. He didn't say if our views
17 change, did he? He said [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 Q. Now do you have any information
23 that NTFIU was ever back in touch before it
24 eventually served a production order?
25 A. I have seen nothing in the

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1 WALTERS
2 contact, it's not written down, but go and
3 find out some more and I think that for me
4 when I have been doing major cases, there is
5 far more full and frank and accurate detailed
6 effectively analysis done by the regulated
7 entity to assist and inform decision making
8 around their suspicions because it's their
9 suspicions that are motivating it.
10 MR. FRIEDMAN: I move to strike
11 as non-responsive.
12 Q. Let me read to you the question
13 again. Nat West told NCIS [REDACTED]
14 [REDACTED]
15 [REDACTED] correct?
16 A. Sorry, Nat West.
17 Q. In Exhibit 18 Nat West informs
18 NCIS [REDACTED]
19 [REDACTED] correct?
20 A. They informed NCIS [REDACTED]
21 [REDACTED]
22 Q. You are looking at the wrong
23 document. Look at Exhibit 18. In Exhibit 18
24 Nat West informed [REDACTED]
25 [REDACTED]

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1 WALTERS
2 correct?
3 A. Yes.
4 Q. In fact, Nat West asked NCIS [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED] correct?
8 A. They did.
9 Q. Please take a look at Exhibit
10 37 which is the Bank of England Nat West
11 correspondence that we looked at this
12 morning. Exhibit 37 shows that after the
13 OFAC designation in addition to making a
14 disclosure to NCIS [REDACTED]
15 [REDACTED]
16 [REDACTED] and in addition to speaking
17 to Detective Sergeant Bennett, Nat West also
18 wrote to the Financial Sanctions Unit of the
19 bank in England to ask as Mr. Gossage wrote,
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED] correct?
24 MR. BONNER: Objection to form.
25 A. I can read that it says [REDACTED]

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1 WALTERS
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 Q. Then in the response of Mr.
8 Dawlings from the Bank of England's Financial
9 Sanctions Unit he wrote, [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 correct? You see that Mr. Dawlings wrote
15 that to Mr. Gossage, correct?
16 A. He does go on a bit further in
17 the letter though to expand it that [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 Q. He said that too, right?
24 A. Yes. [REDACTED]
25 [REDACTED]

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1 WALTERS
2 Q. And Mr. Dawlings also wrote,
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 correct?
7 A. That's correct.
8 Q. You understand the reference to
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED] correct?
13 A. That's correct.
14 Q. Again, special branch was the
15 service of the Metropolitan Police Service
16 responsible for counter terror financing,
17 correct?
18 A. Yes, it is.
19 Q. Look at paragraph 86 of your
20 report. In the last sentence you say the
21 following. "Moreover in my review of the
22 defendant's documents I have not seen any
23 documentation of any significant KYC or due
24 diligence being undertaken by the bank after
25 the OFAC designation of Interpal", correct?

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| <p style="text-align: right;">Page 281</p> <p>1 WALTERS</p> <p>2 A. Yes.</p> <p>3 Q. In paragraph 91 you say, "In my</p> <p>4 review of the defendant's documents I have</p> <p>5 not identified any documentation of any</p> <p>6 significant KYC or due diligence being</p> <p>7 undertaken by the defendant after the OFAC</p> <p>8 designation of Interpal", correct?</p> <p>9 A. Which paragraph is that, sir?</p> <p>10 Q. 91.</p> <p>11 A. That's correct.</p> <p>12 Q. Let me show you Exhibits 38, 39</p> <p>13 and 40. 38 bears the Nat West production</p> <p>14 numbers 16767 through 16774, 39 bears the Nat</p> <p>15 West production numbers 66721 through 23 and</p> <p>16 40 bears the production numbers Nat West 667</p> <p>17 to 740. Please take a look at these three</p> <p>18 exhibits. Have you seen these before?</p> <p>19 A. Yes.</p> <p>20 Q. These documents reflect reviews</p> <p>21 of all payments made from Interpal's accounts</p> <p>22 at Nat West by Guy Cole after the OFAC</p> <p>23 designation, correct?</p> <p>24 A. Let me have a moment to read</p> <p>25 it, please.</p> | <p style="text-align: right;">Page 283</p> <p>1 WALTERS</p> <p>2 expected that this would have taken place a</p> <p>3 lot sooner than it did.</p> <p>4 Q. Okay.</p> <p>5 A. My experience would be when</p> <p>6 there's a matter like this is that the sort</p> <p>7 of research and review and due diligence</p> <p>8 would take place immediately.</p> <p>9 Q. These documents show that Nat</p> <p>10 West conducted semi-annual reviews of</p> <p>11 Interpal's accounts into 2005, correct?</p> <p>12 A. There's one semi-annual review</p> <p>13 that's recorded here.</p> <p>14 Q. In 2005?</p> <p>15 A. In 2005.</p> <p>16 Q. That's Exhibit 40?</p> <p>17 A. On 40, yes.</p> <p>18 Q. I'll represent to you just so</p> <p>19 you are not unclear about this issue that</p> <p>20 that is because of the agreement between the</p> <p>21 parties on the cut off date for document</p> <p>22 productions it did not extend into 2006. I</p> <p>23 didn't want you to be uncertain about why</p> <p>24 there's nothing for 2006.</p> <p>25 A. Thank you very much.</p> |
| <p style="text-align: right;">Page 282</p> <p>1 WALTERS</p> <p>2 Q. These documents reflect the</p> <p>3 fact that after OFAC's designation of</p> <p>4 Interpal Nat West conducted on an on-going</p> <p>5 basis semi-annual reviews of all payments in</p> <p>6 Interpal's accounts, correct?</p> <p>7 MR. BONNER: Objection to form.</p> <p>8 A. There is a record here of a</p> <p>9 semi-annual report.</p> <p>10 Q. It also shows that Nat West</p> <p>11 also made a retrospective analysis of all</p> <p>12 payments in Interpal's accounts as well,</p> <p>13 correct?</p> <p>14 A. There is some analysis done.</p> <p>15 Q. Had you read these documents</p> <p>16 before you signed your report containing</p> <p>17 paragraphs 86 and 91?</p> <p>18 A. I had.</p> <p>19 Q. Now look at paragraph 127.</p> <p>20 A. I was just pausing to frame the</p> <p>21 rest of that answer.</p> <p>22 Q. I asked if you looked at it and</p> <p>23 you said you had?</p> <p>24 A. I had. My opinion as I voiced</p> <p>25 it in the report is that I would have</p> | <p style="text-align: right;">Page 284</p> <p>1 WALTERS</p> <p>2 Q. Look at paragraph 127 of your</p> <p>3 report. In paragraph 127 you say among other</p> <p>4 things that as of April 21, 2004 no</p> <p>5 additional due diligence had been completed,</p> <p>6 correct?</p> <p>7 A. It refers in my report to a</p> <p>8 previous chain of e-mails. I don't want to</p> <p>9 take things out of context. Maybe I should</p> <p>10 remind myself what the previous chain of</p> <p>11 e-mails were.</p> <p>12 Q. Look at Exhibit 38.</p> <p>13 A. Yeah.</p> <p>14 Q. That contains a report of due</p> <p>15 diligence conducted by Mr. Cole dated May 20,</p> <p>16 2004, correct, as well as May 17, 2004?</p> <p>17 A. 38 is some research done by Guy</p> <p>18 Cole.</p> <p>19 Q. In May of 2004?</p> <p>20 A. In May 2004.</p> <p>21 Q. In May 2004, correct?</p> <p>22 A. May 2004.</p> <p>23 Q. Look at paragraph 87 of your</p> <p>24 report, Mr. Walters. I would like you to</p> <p>25 read the second sentence and let me read it</p> |

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| <p style="text-align: right;">Page 285</p> <p>1 WALTERS</p> <p>2 aloud. Mr. Roger, Irvin Roger as head of the</p> <p>3 money laundering prevention unit within the</p> <p>4 corporate banking financial markets division</p> <p>5 which included Interpal within its customer</p> <p>6 responsibility should have understood that</p> <p>7 the designation of Interpal by OFAC meant</p> <p>8 that the U.S. Government was making clear its</p> <p>9 belief that Interpal was involved in funding</p> <p>10 terrorism. Do you see that?</p> <p>11 A. Yes.</p> <p>12 Q. Is it your understanding that</p> <p>13 Mr. Roger did not understand that the</p> <p>14 designation of Interpal by OFAC meant that</p> <p>15 the U.S. Government was making clear its</p> <p>16 belief that Interpal was involved in funding</p> <p>17 terrorism?</p> <p>18 A. I understood that he would</p> <p>19 understand it.</p> <p>20 Q. You based on your reading of</p> <p>21 his deposition testimony know that he</p> <p>22 testified that he did understand that,</p> <p>23 correct?</p> <p>24 A. Yes.</p> <p>25 Q. Look at paragraph 109 of your</p> | <p style="text-align: right;">Page 287</p> <p>1 WALTERS</p> <p>2 referring to Nat West?</p> <p>3 MR. BONNER: Correct.</p> <p>4 MR. FRIEDMAN: Okay.</p> <p>5 Q. Look at Exhibit 42. Doesn't</p> <p>6 that contain multiple responses to Mr.</p> <p>7 Connors' August 26, 2003 e-mail?</p> <p>8 A. My reading of them is there are</p> <p>9 nine responses.</p> <p>10 MR. FRIEDMAN: Let's take a</p> <p>11 short break and then we will finish</p> <p>12 up.</p> <p>13 THE VIDEOGRAPHER: We are now</p> <p>14 off the record. The time is 5:52</p> <p>15 p.m., June 8, 2011.</p> <p>16 (Recess taken.)</p> <p>17 THE VIDEOGRAPHER: This is tape</p> <p>18 seven of the deposition of Mr. Gary</p> <p>19 Walters. We are now back on the</p> <p>20 record. The time is 6:01 p.m., June</p> <p>21 8, 2011.</p> <p>22 Q. Mr. Walters, did you speak with</p> <p>23 plaintiff's counsel about your testimony</p> <p>24 during that break, yes or no?</p> <p>25 A. Yes.</p> |
| <p style="text-align: right;">Page 286</p> <p>1 WALTERS</p> <p>2 report. Read that to yourself.</p> <p>3 A. Yes.</p> <p>4 Q. You state here among other</p> <p>5 things that you have seen no responses to</p> <p>6 Damien Connors' August 26, 2003 e-mail,</p> <p>7 correct?</p> <p>8 A. Yes.</p> <p>9 Q. Let me show you what's been</p> <p>10 marked as Exhibit 42 which contains a number</p> <p>11 of documents. Aren't those all responses to</p> <p>12 Damien Connors' August 26, 2003 e-mail?</p> <p>13 MR. BONNER: I think to be</p> <p>14 clear, Larry, it says I've not</p> <p>15 identified a response to that e-mail</p> <p>16 from CBFM.</p> <p>17 MR. FRIEDMAN: Can you read the</p> <p>18 rest of the sentence, Jim?</p> <p>19 MR. BONNER: Sure. I can read</p> <p>20 the whole thing I guess. I have not</p> <p>21 identified a response to that e-mail</p> <p>22 from CBFM nor from the rest of the</p> <p>23 defendant's organization.</p> <p>24 MR. FRIEDMAN: By the word</p> <p>25 defendant, you understand he's</p> | <p style="text-align: right;">Page 288</p> <p>1 WALTERS</p> <p>2 Q. Look at paragraph 171 of your</p> <p>3 report. Mr. Walters, did you speak with</p> <p>4 plaintiff's counsel about your testimony</p> <p>5 during that break, yes or no?</p> <p>6 A. Yes.</p> <p>7 Q. Look at paragraph 171 of your</p> <p>8 report. What's your basis for stating there</p> <p>9 that Nat West had clear suspicion of money</p> <p>10 laundering activity in regard to Interpal's</p> <p>11 account? Let me put the question again.</p> <p>12 Look at paragraph 171 of your rebuttal</p> <p>13 report. What's your basis for stating that</p> <p>14 there is in your view a clear suspicion of</p> <p>15 money laundering activity in Interpal's</p> <p>16 accounts?</p> <p>17 A. Because of all the red flags</p> <p>18 that appear and that raises -- each one</p> <p>19 raises separate suspicion.</p> <p>20 Q. In your opinion, did Nat West</p> <p>21 have a suspicion of money laundering?</p> <p>22 A. Yes.</p> <p>23 Q. Have you seen any evidence that</p> <p>24 Nat West had a suspicion of money laundering?</p> <p>25 A. In that it is money laundering</p> |

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| <p>1 WALTERS 2 with a -- money laundering in the broader 3 term. 4 Q. Meaning what? 5 A. Suspicious activity. 6 Q. Nat West disclosed suspicions 7 of involvement in terror financing, correct? 8 A. Yes. 9 Q. Have you seen any internal or 10 external communications in which Nat West 11 stated that it suspected Interpal of engaging 12 in money laundering? 13 A. Not that I can recall. 14 Q. Look at paragraph 174 of your 15 second report. Read that to yourself. Is it 16 your opinion that Nat West should not have 17 closed Interpal's U.S. dollar accounts? 18 A. I think they should have 19 engaged in more communication when they were 20 considering doing that. 21 Q. Do you believe that Nat West 22 should not have closed Interpal's U.S. dollar 23 account? 24 A. I believe they should have 25 engaged in far more communication before</p> | <p>1 WALTERS 2 A. Closing accounts is something 3 that banks do on a regular basis. 4 Q. Here your understanding is that 5 Nat West closed the accounts to avoid 6 inadvertently having a violation of the OFAC 7 regulations, correct? 8 A. The OFAC designation was 9 clearly causing difficulty and issue as I 10 found documented in the communication that I 11 reviewed. 12 Q. Is it your understanding that 13 the purpose of an OFAC designation is to 14 create opportunities for freezing funds? 15 A. An OFAC designation is to 16 inform people of the belief that these are 17 engaged in terrorism and it would involve 18 restricting movement of funds and removing 19 the money from terrorism. 20 Q. The purpose of an OFAC 21 designation is to prevent the movement of 22 funds from occurring, not to create 23 opportunities for freezing those funds if the 24 movements do occur, correct? 25 A. Well, the OFAC listing is part</p> |
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| <p>1 WALTERS 2 doing so. 3 Q. We can do this all day and my 4 question is do you believe they should not 5 have closed the accounts? 6 A. I believe that they should have 7 communicated far better with law enforcement 8 before they chose to do that. 9 Q. But do you believe they should 10 have closed the accounts? 11 A. I believe they should have 12 communicated before doing so. 13 Q. Do you think that Nat West 14 acted inconsistent with your perception of 15 banking practice when it closed the accounts? 16 A. When it closed the -- 17 Q. Accounts, the U.S. dollar 18 accounts? 19 A. I think it was -- I do think it 20 was unusual to close them in the way that 21 they closed them. 22 Q. Do you think it was unusual to 23 close them full stop regardless of whether 24 they communicated about that fact with law 25 enforcement?</p> | <p>1 WALTERS 2 of the overall anti-terrorism strategy. 3 Q. OFAC wishes by its regulations 4 to your understanding to prevent movements of 5 funds from occurring involving designated 6 entities when those movements are within the 7 jurisdiction of the OFAC regulations, 8 correct? 9 A. I believe that's a reasonable 10 summary of my understanding. 11 Q. A reasonable summary of what? 12 A. My understanding of it. 13 Q. Look at paragraph 190 of your 14 report. You write here among other things 15 that Nat West closed the dollar accounts 16 quote in order to overcome in internal quotes 17 potential issues with the U.S., correct? 18 A. That was my understanding of 19 it, yes. 20 Q. Another way of putting it is 21 that Nat West did this to avoid violating the 22 OFAC regulations, correct? 23 A. The OFAC listing was causing 24 Nat West difficulties in a number of 25 different ways. By taking the OFAC issue out</p> |

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| <p style="text-align: right;">Page 293</p> <p>1 WALTERS</p> <p>2 of the equation it would make their task of</p> <p>3 managing the account easier.</p> <p>4 Q. Let me ask you a question. I'm</p> <p>5 going to give you a hypothetical. I'm</p> <p>6 driving on the highway and there is a 55 mile</p> <p>7 an hour speed limit and I'm making sure that</p> <p>8 I'm not driving more than 55 miles an hour.</p> <p>9 Would you say that I'm trying to overcome the</p> <p>10 law against speeding?</p> <p>11 MR. BONNER: Objection to form.</p> <p>12 Q. Or would you say that I'm</p> <p>13 trying to comply with the law against</p> <p>14 speeding?</p> <p>15 MR. BONNER: Same objection.</p> <p>16 A. I think that that circumstance</p> <p>17 you've just set out, an example you set out,</p> <p>18 is an over simplification, a complete over</p> <p>19 simplification of the issues that we have</p> <p>20 here.</p> <p>21 Q. That's why your lawyer</p> <p>22 objected, but I'm just asking you, don't</p> <p>23 worry about how I may try to relate it to Nat</p> <p>24 West. I'm just asking you if I make sure</p> <p>25 that I'm going 55 miles an hour or lower in a</p> | <p style="text-align: right;">Page 295</p> <p>1 WALTERS</p> <p>2 Q. Look at paragraph 143 of your</p> <p>3 report, your second report. Read that to</p> <p>4 yourself. What do you mean by the phrase,</p> <p>5 "manipulate the process"?</p> <p>6 A. Let me read it again. I need</p> <p>7 to review all the preceding correspondence</p> <p>8 that that paragraph talks about.</p> <p>9 Q. Before you can tell me what you</p> <p>10 meant by the words "manipulate the process"?</p> <p>11 A. Well, where I say that I'm</p> <p>12 saying it's about the internal communication</p> <p>13 in Mr. Cole's testimony and that's the</p> <p>14 preceding matters.</p> <p>15 Q. So tell me what you meant by</p> <p>16 the phrase manipulate the process?</p> <p>17 A. This leads back to the letter</p> <p>18 from the Bank of England that the response</p> <p>19 back to the Bank of England from Mr. Gossage</p> <p>20 states that [REDACTED]</p> <p>21 [REDACTED]</p> <p>22 [REDACTED]</p> <p>23 [REDACTED]</p> <p>24 [REDACTED]</p> <p>25 [REDACTED]</p> |
| <p style="text-align: right;">Page 294</p> <p>1 WALTERS</p> <p>2 55 mile an hour zone, would you say that I'm</p> <p>3 trying to overcome the law against speeding</p> <p>4 or that I'm trying to comply with the law</p> <p>5 against speeding?</p> <p>6 A. Removing it from this very case</p> <p>7 and relating it to this case in anyway I</p> <p>8 would say you are complying with the</p> <p>9 legislation.</p> <p>10 Q. Take a look at Exhibit 37 again</p> <p>11 which is the Bank of England correspondence.</p> <p>12 Look at the letter from Mr. Gossage to Mr.</p> <p>13 Dawlings. Sorry, look at the letter from Mr.</p> <p>14 Dawlings to Mr. Gossage.</p> <p>15 A. Yes.</p> <p>16 Q. Do you understand Mr. Dawlings</p> <p>17 to be instructing Nat West to engage in a</p> <p>18 major deviation from international banking</p> <p>19 standards?</p> <p>20 A. I'm sorry, repeat that again.</p> <p>21 Q. Do you understand Mr. Dawlings</p> <p>22 to be instructing Nat West to engage in a</p> <p>23 major deviation from international banking</p> <p>24 standards?</p> <p>25 A. No.</p> | <p style="text-align: right;">Page 296</p> <p>1 WALTERS</p> <p>2 [REDACTED]</p> <p>3 [REDACTED] so that was sent off to the</p> <p>4 Bank of England. The issue for the defendant</p> <p>5 was that what they said they would be doing</p> <p>6 there, it appears that they then didn't do or</p> <p>7 couldn't do from the examination of the</p> <p>8 documents.</p> <p>9 Q. It did do it several months</p> <p>10 later, correct?</p> <p>11 A. The conversations several</p> <p>12 months later there was a degree of review</p> <p>13 months later, but the fact is they stated</p> <p>14 [REDACTED]</p> <p>15 [REDACTED]</p> <p>16 [REDACTED] My recollection of</p> <p>17 the documentation and I haven't read all of</p> <p>18 this particular section prints in 131 Mr.</p> <p>19 Cole states the RM which is the relationship</p> <p>20 manager I'm presuming has no ability to</p> <p>21 filter or effectively monitor payments. He</p> <p>22 states we should be weary of their payments</p> <p>23 from their accounts with us, but in reality I</p> <p>24 believe there's very little we can</p> <p>25 effectively do to prevent payments being made</p> |

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1 WALTERS
2 without a payment filtering system. That's in
3 May 2004, quite some time after they
4 reassured [REDACTED]
5 Q. Thereafter Mr. Cole did a
6 review, correct?
7 A. Mr. Cole did some inquiries,
8 but the group risk handbook of Nat West has
9 got in it a list of -- their own policy is
10 that, for instance, account activity for the
11 previous two years would be reviewed and I
12 think that kind of review would have been
13 beneficial to the decision making and he
14 suggests the semi-annual review so when they
15 couldn't comply with their own policy which
16 was linked to the OFAC listing and difficult
17 it is really to their client if the money
18 wasn't moved, they sought to remove that
19 difficulty which will be not standard
20 operation of the process that they -- it's
21 manipulating the process they documented they
22 should be doing.
23 Q. Did you read the handbook to
24 which you just referred?
25 A. I did.

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1 WALTERS
2 Q. The whole thing?
3 A. I did.
4 Q. You believe you understood it?
5 A. It was divided up in a way that
6 made some of it quite difficult because it
7 appears to have some bits repeated. There
8 were bits where different bits were put in at
9 different dates, but I feel I understood it
10 and I quote it in my report.
11 Q. Look at paragraph 221 of your
12 report.
13 A. Yes.
14 Q. What's your basis for stating
15 that Nat West relied on the BBC report?
16 A. I would need to review the
17 source document.
18 Q. Let me show you what's been
19 marked as Exhibit 43 which bears the Nat West
20 production number 12942. Have you seen that
21 before?
22 A. Yes, I believe I have.
23 Q. That's a letter from the
24 Charity Commission to Nat West, actually to
25 Royal Bank of Scotland, Nat West's parent,

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1 WALTERS
2 informing the bank [REDACTED]
3 [REDACTED]
4 correct?
5 A. Yes.
6 Q. It informs Nat West through its
7 parent Royal Bank of Scotland that the
8 [REDACTED]
9 correct?
10 A. Yes.
11 Q. It informed the bank that the
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 correct?
16 A. Yes.
17 Q. It reports to the bank [REDACTED]
18 [REDACTED]
19 correct?
20 A. Yes.
21 Q. It [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 correct?
25 A. Yes.

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1 WALTERS
2 MR. FRIEDMAN: I have nothing
3 further at this time. As I said
4 before, we will be requesting some
5 documents.
6 MR. BONNER: I just have a few
7 questions for Mr. Walters. I think
8 probably the best thing to do is to
9 keep looking straight ahead even
10 though I'm speaking to you.
11 EXAMINATION BY
12 MR. BONNER:
13 Q. You recall that during Mr.
14 Friedman's examination, Mr. Walters, there
15 was some discussion of the methodology that
16 you employed in reaching the conclusions that
17 you express in your reports?
18 A. Yes.
19 Q. Did you employ a consistent
20 methodology in reaching those conclusions?
21 A. Yes, I did.
22 Q. Could you just tell me in
23 general terms what the methodology was that
24 you employed in reaching the conclusions
25 expressed in your report?